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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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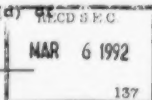
☒ Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended January 31, 1992

☐ Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-5286



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KEVAUER SCIENTIFIC CORPORATION DE

(Exact name of registrant as specified in its charter)

Delaware

PROCESSED BY 38-0715562

13/13:11

(State or other jurisdiction of
incorporation or organization)

MAR 12 1992 (I.R.S. Employer
Identification No.)

2700 West Front Street

Statesville, North Carolina

(Address of principal executive

Microfilmed by

Q-Data Corp. - St. Petersburg, FL

28677

(Zip Code)

L34

(704) 873-7202

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

As of February 29, 1992, the Registrant had outstanding 2,368,565 shares of Common Stock.

Pages: This report, including exhibits, contains 13 pages numbered sequentially from this cover page.

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KEWAUNEE SCIENTIFIC CORPORATION

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FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 1992

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Part 1. Financial Information

Item 1. Financial Statements

Kewsunee Scientific Corporation Condensed Statements of Operations (Unaudited)

----- \$ in thousands, except per share amounts		Three months ended January 31		Nine months ended January 31	
		1992	1991	1992	1991
-----		-----		-----	
OPERATIONS	Net sales	\$17,624	\$16,854	\$54,192	\$53,388
	Cost of products sold	14,003	13,514	42,070	41,496
	Gross profit	3,621	3,340	11,322	11,892
	Company restructuring expenses	-	-	-	1,090
	Operating expenses	3,493	3,381	11,023	11,257
	Operating earnings (loss)	128	(41)	299	(455)
	Non-operating income (expenses):				
	Interest expense	(70)	(115)	(261)	(368)
	Interest income	46	122	152	371
	Investment write-down	-	-	-	(220)
	Other income, net	30	67	322	187
	Earnings (loss) before income taxes	134	33	512	(485)
	Income tax expense (benefit)	47	6	179	(8)
	Net earnings (loss)	\$87	\$27	\$333	(\$477)
=====					
PER SHARE	Earnings (loss) per common share	\$0.04	\$0.01	\$0.14	(\$0.18)
DATA	Dividends per common share	\$0.04	\$0.04	\$0.12	\$0.12
	Average number of common shares outstanding (in thousands)	2,371	2,586	2,427	2,586
=====					

See accompanying notes to condensed financial statements.

Kewaunee Scientific Corporation
Condensed Balance Sheets

\$ in thousands		January 31 1992 (Unaudited)	April 30 1991
Current assets			
	Cash and short-term investments	\$3,078	\$6,136
	Receivables	14,988	14,661
	Inventories	4,008	2,573
	Prepaid expenses and other current assets	766	1,323
	Total current assets	22,840	24,693
Property, plant and equipment			
	At cost	32,977	22,042
	Accumulated depreciation	(10,711)	(9,659)
	Net property, plant and equipment	12,266	12,383
Other assets		515	517
Total assets		\$35,621	\$37,593

Current liabilities			
	Accounts and notes payable	\$7,344	\$7,135
	Other current liabilities	5,001	5,183
	Total current liabilities	12,345	12,318
Long-term debt		4,502	5,090
Deferred income taxes and non-current liabilities		1,206	1,206
Stockholders' equity			
	Common stock	6,550	6,550
	Additional paid-in-capital	116	116
	Retained earnings	12,584	12,545
	Common stock in treasury, at cost	(1,682)	(232)
	Total stockholders' equity	17,568	18,979
Total liabilities and stockholders' equity		\$35,621	\$37,593

See accompanying notes to condensed financial statements.

Kewaunee Scientific Corporation
Condensed Statements of Cash Flows
(Unaudited)

\$ in thousands		Nine months ended	
		January 31	
		1992	1991
Cash flow generated by (used in) operations			
	Net earnings (loss)	\$333	(\$477)
	Depreciation and amortization	1,062	1,212
	Bad debt expense	52	140
	Deferred compensation amortization	54	-
	Write-down of building	-	553
	Investment write-down	-	220
	Gain on sale of business property	(157)	(67)
	(Increase) decrease in operating requirements:		
	Receivables	(379)	(971)
	Inventories	(1,435)	1,110
	Accounts payable and accrued expenses	27	145
	Other, net	(217)	(168)
	Net cash generated by (used in) operations	(660)	1,697
Investing transactions			
	Capital expenditures	(937)	(1,711)
	Proceeds from sale of building	925	1,500
	Net cash used in investing transactions	(12)	(211)
Financing transactions			
	Common stock dividends	(294)	(310)
	Common stock purchase	(1,504)	(5)
	Repayment of long-term debt	(588)	(588)
	Net cash used in financing transactions	(2,386)	(903)
	Increase (decrease) in cash and short-term investments	(3,058)	583
	Cash and short-term investments, beginning of period	6,136	5,907
	Cash and short-term investments, end of period	\$3,078	\$6,490
Supplemental disclosure			
	Interest paid	\$281	\$380
	Income taxes paid	186	20

See accompanying notes to condensed financial statements.

KEWAUNEE SCIENTIFIC CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

A. Financial Information

The unaudited interim condensed financial statements of Kewaunee Scientific Corporation (the "Company" or "Kewaunee") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim condensed financial statements should be read in conjunction with the financial statements and notes included in the Company's 1991 Annual Report to Stockholders.

In the opinion of management, the interim condensed financial statements reflect all adjustments necessary for a fair presentation of the interim periods. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

B. Inventories

Inventories consisted of the following (in thousands):

	<u>Jan. 31, 1992</u>	<u>April 30, 1991</u>
Finished products	\$1,467	\$ 871
Work in process	1,502	706
Raw materials	<u>1,039</u>	<u>996</u>
	<u>\$4,008</u>	<u>\$2,573</u>

C. Balance Sheet

The Company's April 30, 1991 condensed balance sheet as presented herein is derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's 1991 Annual Report to Stockholders contains management's discussion and analysis of financial condition and results of operations at and for the year ended April 30, 1991. The following discussion and analysis describes material changes in the Company's financial condition since April 30, 1991. The analysis of results of operations compares the three months and nine months ended January 31, 1992 with the comparable period of the prior fiscal year.

Results of Operations

The Company recorded sales of \$17.6 million for the three months ended January 31, 1992, up 4.6 percent from sales of \$16.9 million for the comparable period of the prior year. Net sales for the nine months ended January 31, 1992 were \$54.2 million, up slightly from sales of \$53.4 million for the comparable period of the prior year.

The Company's unfilled sales order backlog was \$41.4 million at January 31, 1992. This compares to unfilled sales order backlogs of \$41.9 million and \$31.6 million at April 30, 1991 and January 31, 1991, respectively.

The Company's gross profit margins for the three months and nine months ended January 31, 1992 were 20.5 percent and 20.9 percent, respectively, compared to 19.8 percent and 22.3 percent for the comparable periods of the prior fiscal year. Current year gross profit margins continue to suffer from intense price competition in the Company's primary market, contract-bid laboratory furniture, and increased costs associated with the Company's self-insured health plan. Additionally, sales of higher-margin end-user products were lower than in the prior year, a reflection of the current economic environment, and during the first quarter rescheduling by customers of delivery dates for certain large orders caused production inefficiencies and additional costs, including an unplanned three-day shutdown of the Metal Plant.

Operating expenses for the three months and nine months ended January 31, 1992 were \$3.5 million and \$11.0 million, compared to \$3.4 million and \$11.3 million for the comparable periods of the prior fiscal year. As a percent of sales, operating expenses for the three months and nine months ended January 31, 1992 were 19.8 percent and 20.3 percent of sales, respectively, compared to 20.1 percent and 21.1 percent of net sales for the comparable periods of the prior fiscal year.

Operating earnings of \$128,000 and \$299,000 were recorded for the three months and nine months ended January 31, 1992, respectively, as compared to operating losses of \$41,000 and \$455,000 for the comparable periods of the prior fiscal year. During the nine months ended January 31, 1991, a pre-tax restructuring charge in the amount of \$1.1 million associated with the implementation of a cost-savings plan was charged against operating earnings. Excluding the impact of this charge, operating earnings were \$635,000 for the nine months of the prior fiscal year.

Non-operating income(expenses) was net income of \$6,000 and \$213,000 for the three months and nine months ended January 31, 1992, respectively, compared to a net income of \$74,000 and net expense of \$30,000, respectively, for the comparable periods of the prior fiscal year. Non-operating expenses for the prior fiscal year include a \$220,000 charge to write down the carrying value of an investment.

Income tax expense of \$47,000 and \$179,000 were recorded for the three months and nine months ended January 31, 1992, respectively, compared to an expense of \$6,000 and a benefit of \$8,000 for the comparable periods of the prior year.

The Company recorded net earnings of \$87,000 and \$333,000, or 4 cents and 14 cents per share, for the three months and nine months ended January 31, 1992, respectively. This compares to a net profit of \$27,000, or one cent per share, and a net loss of \$477,000, or 18 cents per share, recorded for the three months and nine months ended January 31, 1991, respectively. Excluding the impact of the previously-mentioned restructuring charge, net earnings were \$542,000, or 21 cents per share, for the nine months ended January 31, 1991.

Liquidity and Capital Resources

Kewaunee's management assesses the Company's liquidity in terms of its overall ability to mobilize cash to support ongoing business levels and to fund its growth. The principal source of funding for support of ongoing business levels is cash inflow from operations. Other sources of liquidity at January 31, 1992 include cash and short-term investments of \$3.1 million and a confirmed bank line of credit amounting to \$3.5 million. Additionally, at January 31, 1992, the Company had accounts receivable of \$15.0 million and inventories (on a first-in, first-out basis) of \$7.7 million, both of which are convertible into cash over a relatively short period of time. Management believes sources of liquidity will be sufficient to support ongoing business levels, including capital expenditures and debt service requirements.

The Company purchased 250,000 shares of its common stock on July 2, 1991 from an insurance company and its affiliates for a cash purchase price of \$1.5 million. The net worth covenant requirements in the Company's Industrial Development Revenue Bonds agreements were adjusted by the amount of the purchase price.

The Company sold its former headquarters building in Wilmette, Illinois during September, 1991 for a purchase price of approximately \$1.0 million. The Company sold its former office building in Statesville, North Carolina during July, 1990, for a purchase price of \$1.5 million.

Capital expenditures were \$937,000 for the nine months ended January 31, 1992, and \$1,711,000 for the comparable period of the prior fiscal year.

The Company used \$294,000 for common stock dividend payments and \$588,000 for scheduled principal payments on long-term debt during the nine months ended January 31, 1992. This compares to dividend payments of \$310,000 and scheduled principal payments of \$588,000 for the comparable period of the prior fiscal year.

The Company did not borrow on a short-term basis at any time during the first nine months of fiscal year 1992 or 1991. The Company's debt-to-equity ratio was .30 to 1 at January 31, 1992, compared to .31 to 1 at April 30, 1991. The Company's current ratio was 1.9 to 1 at January 31, 1992, a slight decrease from 2.0 to 1 at April 30, 1991.

REVIEW BY INDEPENDENT ACCOUNTANTS

A review of the interim financial information included in this Quarterly Report on Form 10-Q for the three months and nine months ended January 31, 1992 has been performed by Deloitte & Touche, the Company's independent accountants. Their report on the interim financial information follows. There have been no material adjustments or disclosures proposed by Deloitte & Touche which have not been reflected in the interim financial information.

**INDEPENDENT ACCOUNTANTS' REPORT**

To the Board of Directors and Stockholders
Kewaunee Scientific Corporation
Statesville, North Carolina

We have made a review of the condensed balance sheet of Kewaunee Scientific Corporation as of January 31, 1992, and the related condensed statements of operations for the three-month and nine-month periods ended January 31, 1992 and 1991, and the condensed statements of cash flows for the nine-month periods ended January 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Kewaunee Scientific Corporation as of April 30, 1991, and the related statements of operations, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated June 7, 1991 (July 2, 1991 as to Note K), we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of April 30, 1991 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

Deloitte + Touche

February 20, 1992

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

There were no exhibits required by Item 601 of Regulation S-K.

b) Reports on Form 8-K

No reports on Form 8-K were filed with the commission during the three months ended January 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KEWAUNEE SCIENTIFIC CORPORATION

(Registrant)

Date: March 5, 1992

By



Robert M. Cecchini
Vice President of Finance
Chief Financial Officer